



DOCKET FILE COPY ORIGINAL

October 4, 2013

Received & Inspected  
OCT 24 2013  
FCC Mail Room

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20554

**Re: *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing a Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208***

Dear Ms. Dortch:

On behalf of Alliance Communications Cooperative, Inc.-Hills-MN (SAC 361405), please find enclosed one copy of FCC Form 481, containing Confidential Financial Information and two copies of Alliance Communications Cooperative, Inc.-Hills-MN (SAC 361405)'s FCC Form 481, containing Confidential Financial Information in redacted form.

Please do not hesitate to contact me at (605) 594-8228 if you have any questions regarding this submission.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kari J. Flanagan", with a horizontal line extending to the right.

Kari J. Flanagan  
CFO

Alliance Communications Cooperative, Inc.-Hills-MN (SAC 361405)

No. of Copies rec'd 0+1  
List ABCDE

*Speak and you'll be heard.*



REDACTED – FOR PUBLIC INSPECTION

October 4, 2013

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20554

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**Re: *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing a Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208***

Dear Ms. Dortch:

On behalf of Alliance Communications Cooperative, Inc.-Hills-MN (SAC 361405), please find enclosed two copies of Alliance Communications Cooperative, Inc.-Hills-MN (SAC 361405)'s FCC Form 481, along with the redacted versions of the Confidential Financial Information.

One copy of the FCC Form 481, containing Confidential Financial Information is being filed under separate cover.

Please do not hesitate to contact me at (605) 594-8228 if you have any questions regarding this submission.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kari J. Flanagan", with a long horizontal line extending from the end of the signature.

Kari J. Flanagan  
CFO

Alliance Communications Cooperative, Inc.-Hills-MN (SAC 361405)

*Speak and you'll be heard.*

FCC Form 481 - Carrier Annual Reporting Data Collection Form		FCC Form 481 Data Collection Form May 2013
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<010> Study Area Code	361405
<015> Study Area Name	HILLS TEL CO, INC
<020> Program Year	2014
<030> Contact Name: Person USAC should contact with questions about this data	Kari Flanagan
<035> Contact Telephone Number: Number of the person identified in data line <030>	605-594-8228
<039> Contact Email Address: Email of the person identified in data line <030>	kjflanagan@alliancecom.net

Received & Inspected  
OCT 24 2013  
FCC Mail Room

ANNUAL REPORTING FOR ALL CARRIERS		24-313 Completion Required	24-427 Completion Required
<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report			
<300> Unfulfilled Service Requests (voice)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310> Detail on Attempts (voice)	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330> Detail on Attempts (broadband)	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed	0.0		
<420> Mobile	0.0		
<430> Number of Complaints per 1,000 customers (broadband)			
<440> Fixed			
<450> Mobile			
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> 361405mn510	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> 361405mn610	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)?	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000> Voice Services Rate Comparability	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1010>	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1100> Terrestrial Backhaul (Y/N)?	(if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**  
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input checked="" type="checkbox"/>
<2005>	(complete attached worksheet)	<input checked="" type="checkbox"/>

**Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet**

<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>

**(100) Service Quality Improvement Reporting  
Data Collection Form**FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	361405
<015>	Study Area Name	HILLS TEL CO, INC
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari Planagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

<110>	Has your company received its ETC certification from the FCC?	(yes / no)	<input type="radio"/> <input checked="" type="radio"/>
If your answer to Line <110> is yes, do you have an existing § 54.202(a) "5			
<111>	year plan" filed with the FCC?	(yes / no)	<input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	<input type="checkbox"/>
<114>	Report how much universal service (USF) support was received	<input type="checkbox"/>
<115>	How (USF) was used to improve service quality	<input type="checkbox"/>
<116>	How (USF) was used to improve service coverage	<input type="checkbox"/>
<117>	How (USF) was used to improve service capacity	<input type="checkbox"/>
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	<input type="checkbox"/>

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

<010>	Study Area Code	361405
<015>	Study Area Name	HILLS TEL CO, INC
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari Flanagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

[illegible]

<010>	Study Area Code	361405
<015>	Study Area Name	HILLS TEL CO, INC
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari Planagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

<701> Residential Local Service Charge Effective Date	1/1/2013
<702> Single State-wide Residential Local Service Charge	

[illegible]

<010>	Study Area Code	361405
<015>	Study Area Name	HILLS TEL CO, INC
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari Flanagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

10/04/2013

<010>	Study Area Code	361405
<015>	Study Area Name	HILLS TEL CO, INC
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari Flanagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net
<810>	Reporting Carrier	Alliance Communications Cooperative, Inc.-Hills-MN
<811>	Holding Company	
<812>	Operatine Company	Alliance Communications Cooperative, Inc.

<813>	<81>	<82>	<83>
Affiliates	SAC		Doing Business As Company or Brand Designation



<010>	Study Area Code	361405
<015>	Study Area Name	HILLS TEL CO, INC
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari Planagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

<921>	Needs assessment and deployment planning with a focus on Tribal community anchor institutions;
<922>	Feasibility and sustainability planning;
<923>	Marketing services in a culturally sensitive manner;
<924>	Compliance with Rights of way processes
<925>	Compliance with Land Use permitting requirements
<926>	Compliance with Facilities Siting rules
<927>	Compliance with Environmental Review processes
<928>	Compliance with Cultural Preservation review processes
<929>	Compliance with Tribal Business and Licensing requirements.

Select (Yes,No, NA)

**[1100] No Terrestrial Backhaul Reporting  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0843  
July 2015

<010>	Study Area Code	361405
<015>	Study Area Name	HILLS TEL CO, INC
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari Flanagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

<1120> Please check this box to confirm no terrestrial backhaul  
options exist within the supported area pursuant to § 54.313(G)

☐

<1130> Please check this box to confirm the reporting carrier offers  
broadband service of at least 1 Mbps downstream and 256 kbps  
upstream within the supported area pursuant to § 54.313(G)

☐

**(1200) Terms and Condition for Lifeline Customers****Lifeline****Data Collection Form**

FCC Form 481

OMB Control No. 3060-0586/OMB Control No. 3060-0839

July 2013

<010>	Study Area Code	361405
<015>	Study Area Name	HILLS TEL CO, INC
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari Planagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

&lt;1210&gt; Terms &amp; Conditions of Voice Telephony Lifeline Plans

361405mn1210

Name of attached document (.pdf)

&lt;1220&gt; Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒
- <1222> Details on the number of minutes provided as part of the plan, ☒
- <1223> Additional charges for toll calls, and rates for each such plan. ☒

(2009) Price Cap Carrier Additional Documentation Data Collection Form Including Rate of Return Carriers affiliated with Price Cap Local Exchange Carriers	PCC Form 451 OMB Control No. 3060-0086/OMB Control No. 3060-0019 July 2013
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<010> Study Area Code	361405
<015> Study Area Name	HILLS TEL CO. INC
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Kari Flanagan
<035> Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039> Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

<b>Incremental Connect America Phase I reporting</b>		
<2010>	2nd Year Certification (47 CFR § 54.313(b)(1))	<input type="checkbox"/>
<2011>	3rd Year Certification (47 CFR § 54.313(b)(2))	<input type="checkbox"/>
<b>Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))</b>		
<2012>	2013 Frozen Support Certification	<input type="checkbox"/>
<2013>	2014 Frozen Support Certification	<input type="checkbox"/>
<2014>	2015 Frozen Support Certification	<input type="checkbox"/>
<2015>	2016 and future Frozen Support Certification	<input type="checkbox"/>
<b>Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))</b>		
<2016>	Certification Support Used to Build Broadband	<input type="checkbox"/>
<b>Connect America Phase II Reporting (47 CFR § 54.313(e))</b>		
<2017>	3rd year Broadband Service Certification	<input type="checkbox"/>
<2018>	5th year Broadband Service Certification	<input type="checkbox"/>
<2019>	Interim Progress Certification	<input type="checkbox"/>
<2020>	Please check the box to confirm that the attached PDF, on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	<input type="checkbox"/>
<2021>	Interim Progress Community Anchor Institutions	
	Name of Attached Document Listing Required Information	_____

CAF Phase II ROR Carrier Additional Documentation		ACI Form 481
Data Collection Form		OMB Control No. 3045-0046/CAIR Control No. 3045-0049
		July 2015

<010>	Study Area Code	361405
<015>	Study Area Name	HILLS TEL CO, INC
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari Flanagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kiflanagan@alliancecom.net

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). If further certify that the information reported on this form and in the documents attached below is accurate.

#### Progress Report on 5 Year Plan

(3010)	Milestone Certification (47 CFR § 54.313(f)(1)(i)) Please check this box to confirm that the attached PDF, on line 3012, contains the required information pursuant to § 54.313 (f)(1)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	Name of Attached Document Listing Required Information	<input type="checkbox"/>
(3011)	Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii)) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2)) If yes, does your company file the RUS annual report Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:	Name of Attached Document Listing Required Information	<input checked="" type="checkbox"/> (Yes/No) <input checked="" type="checkbox"/> (Yes/No)
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input checked="" type="checkbox"/>
(3016)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	361405mn3017
(3018)	If the response is no on line 3014, is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:		<input type="checkbox"/> (Yes/No)
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications		<input type="checkbox"/>
(3020)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3021)	Management letter issued by the independent certified public accountant that performed the company's financial audit. If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains: Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,		<input type="checkbox"/>
(3022)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3023)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3024)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3025)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	

Certification - Reporting Carrier Data Collection Form	FCC Form 401 OMB Control No. 3060-0067 OMB Control No. 3060-0067 July 2013
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<010> Study Area Code	361405
<015> Study Area Name	HILLS TEL CO, INC
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Kari Flanagan
<035> Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039> Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	HILLS TEL CO, INC
Signature of Authorized Officer:	CERTIFIED ONLINE Date 10/04/2013
Printed name of Authorized Officer:	Kari Flanagan
Title or position of Authorized Officer:	CFO
Telephone number of Authorized Officer:	605-594-8228
Study Area Code of Reporting Carrier:	361405 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

<b>Certification - Agent / Carrier Data Collection Form</b>	FDC Form 481 OMB Control No. 3060-0046/OMB Control No. 3060-0013 July 2013
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<010> Study Area Code	361405
<015> Study Area Name	HILLS TEL CO, INC
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Kari Flanagan
<035> Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039> Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

**TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:**

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**TO BE COMPLETED BY THE AUTHORIZED AGENT:**

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

## Attachments



## Data Collection Form

JULY 2013

<812>	Operating Company	Alliance Communications Cooperative, Inc.
-------	-------------------	---

Alliance Communications

SAC: 391657, 391405, 361405

State: MN

Alliance Communications Cooperative, Inc.

Form 481 Line No.: 510 Compliance with Service Quality Standards and Consumer Protection

361405mn510

As required by MN. Rule "7812.0700 Minnesota General Service Quality Requirements. Subpart 1" the local services provided by Alliance Communications Cooperative, Inc. are provided under internal company operating procedures and publically available tariffs which are in compliance with applicable Minnesota Public Utility Commission orders and rules including:

7810.0100 DEFINITIONS.

7810.0200 SCOPE.

7810.0300 STATUTORY AUTHORITY.

**RECORDS AND REPORTS**

7810.0400 RETENTION OF RECORDS.

7810.0500 DATA TO BE FILED WITH THE COMMISSION.

7810.0600 REPORT TO COMMISSION ON SERVICE DISRUPTION.

7810.0900 LOCATION OF RECORDS.

**CUSTOMER RELATIONS**

7810.1000 INFORMATION AVAILABLE TO CUSTOMER AND PUBLIC.

7810.1100 COMPLAINT PROCEDURES.

7810.1200 RECORD OF COMPLAINT.

**CUSTOMER BILLING; DEPOSIT AND GUARANTEE REQUIREMENTS**

7810.1400 CUSTOMER BILLING.

7810.1500 DEPOSIT AND GUARANTEE REQUIREMENTS.

7810.1600 DEPOSIT.

7810.1700 GUARANTEE OF PAYMENT.

**DISCONNECTION OF SERVICE; SERVICE DELAY**

7810.1800 PERMISSIBLE SERVICE DISCONNECTIONS WITH NOTICE.

7810.1900 PERMISSIBLE SERVICE DISCONNECTIONS WITHOUT NOTICE.

7810.2000 NONPERMISSIBLE REASONS TO DISCONNECT SERVICE.

7810.2100 MANNER OF DISCONNECTION.

7810.2200 RECONNECTION OF SERVICE.

7810.2300 NOTICE REQUIREMENTS.

7810.2400 BILL DISPUTES.

7810.2500 ESCROW PAYMENTS.

7810.2600 WAIVING RIGHT TO DISCONNECT; EMERGENCY STATUS.

7810.2800 DELAY IN INITIAL SERVICE OR UPGRADE.

**DIRECTORIES**

7810.2900 CONTENT OF DIRECTORIES.

7810.3000 DIRECTORY ASSISTANCE.

7810.3100 CHANGES OR ERROR OF LISTED NUMBER.

**ENGINEERING**

7810.3200 CONSTRUCTION OF TELEPHONE PLANT.

7810.3300 MAINTENANCE OF PLANT AND EQUIPMENT.

7810.3900 EMERGENCY OPERATIONS.

SAC: 391657, 391405, 361405

State: MN

Alliance Communications Cooperative, Inc.

Form 481 Line No.: 510 Compliance with Service Quality Standards and Consumer Protection

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**INSPECTIONS, TESTS, SERVICE REQUIREMENTS**

7810.4100 ACCESS TO TEST FACILITIES.

7810.4300 ACCURACY REQUIREMENTS.

7810.4900 ADEQUACY OF SERVICE.

7810.5000 UTILITY OBLIGATIONS.

7810.5100 TELEPHONE OPERATORS.

7810.5200 ANSWERING TIME.

7810.5300 DIAL SERVICE REQUIREMENTS.

7810.5400 INTEROFFICE TRUNKS.

7810.5500 TRANSMISSION REQUIREMENTS.

7810.5800 INTERRUPTIONS OF SERVICE.

7810.5900 CUSTOMER TROUBLE REPORTS.

7810.6000 PROTECTIVE MEASURES.

7810.6100 SAFETY PROGRAM.

Alliance Communications Cooperative, Inc. pursuant to MN Rule "7810.399 Emergency Operations" has:

- Established reasonable provisions' to meet emergencies resulting from failures of lighting or power service, sudden and prolonged increases in traffic, illness of operators or from fire, storm, or acts of God including provisions for emergency power that meet or exceed the rule requirement to provide:
  - A minimum of four hours of battery service in each central office.
  - A permanently installed power unit in exchanges exceeding 5000 lines.
  - Mobile power units that can be delivered on short notice and which can be readily connected in offices without installed emergency power facilities.
  
- Has informed employees as to the procedures to be followed, including reasonable rerouting of traffic around damaged facilities and the deployment of emergency power, in the event of emergency in order to prevent or mitigate interruption or impairment of telecommunications service.

## ALLIANCE COMMUNICATIONS COOPERATIVE, INC.

### Lifeline Terms and Conditions

Alliance Communications Cooperative, Inc. offers Lifeline program-supported service to qualified low-income residential consumers. The federal Lifeline and Minnesota Telephone Assistance Plan (TAP) programs provide monthly telephone service discounts on one telephone line or wireless telephone per household to eligible low-income consumers to help them establish and maintain telephone service by lowering the cost of basic, monthly local telephone service. The federal Lifeline monthly discount is typically between \$8 and \$10. The TAP provides an additional \$2.50 monthly discount on local telephone service. In addition, the Federal Universal Service Charge is not assessed to consumers participating in Lifeline. Long distance blocking (either toll limitation or toll blocking) is available to eligible Lifeline consumers at no cost. Consumers who are eligible for Minnesota Telephone Discounts for landline service do not have to pay a deposit if they agree to block long distance service.

### Lifeline Program Eligibility Information

#### Program Based Eligibility

Consumers are eligible for Lifeline if they, one of their dependents or their household participate in one of the following qualifying assistance programs:

Minnesota Family Investment Program (MFIP)/Temporary Assistance for Needy Families (TANF)  
 Low-Income Home Energy Assistance Program (LIHEAP)  
 Federal Public Housing Assistance (Section 8)  
 Supplemental Nutrition Assistance Program (SNAP/Food Stamps)  
 Medicaid/Medical Assistance  
 National School Lunch Program's Free Lunch Program  
 Supplemental Security Income (SSI)

Lifeline applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year's statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.

#### Income Based Eligibility

In addition, consumers are eligible for Lifeline if their household income is at or below 135% of the federal poverty guidelines.

#### 2013 Federal Poverty Guidelines – 135%

Household Size	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$15,512	\$19,373	\$17,861
2	\$20,939	\$26,163	\$24,098
3	\$26,366	\$32,954	\$30,335
4	\$31,793	\$39,744	\$36,572
5	\$37,220	\$46,535	\$42,809
6	\$42,647	\$53,325	\$49,046
7	\$48,074	\$60,116	\$55,283
8	\$53,501	\$66,906	\$61,520

For each additional person, add	\$5,427	\$6,791	\$6,237
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Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

#### **Tribal Eligibility**

A subscriber who lives on Tribal lands and is an eligible resident of Tribal lands is eligible for Tribal Lifeline service or Tribal Link Up if the subscriber, one or more of the subscriber's dependents, or the subscriber's household participates in any of the above-listed qualifying assistance programs or one of the following Tribal-specific federal assistance programs: Bureau of Indian Affairs General Assistance; Tribally Administered Temporary Assistance for Needy Families; Head Start (if income eligibility criteria are met); or the Food Distribution Program on Indian Reservations (FDPIR). Tribal subscribers may also qualify if the household income is at or below 135% of the Federal Poverty Guidelines.

#### **Numbers of Minutes-of-Use Provided as Part of Lifeline Program Service**

Alliance Communications Cooperative, Inc.'s Voice Lifeline service includes unlimited local minutes-of-use within the toll-free calling area. Alliance Communications Cooperative, Inc.'s Voice Lifeline Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the Lifeline service, Toll blocking is available to eligible consumers at no cost.

#### **Rates**

Subscribers may receive the Lifeline credit on any type or grade of local service, including bundled services that are normally offered by Alliance Communications Cooperative, Inc. Advertised rates do not include any applicable taxes or surcharges.

#### **Recertification of Lifeline Eligibility**

Lifeline recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for the Lifeline program will result in termination of the Lifeline recipient's monthly Lifeline discount and de-enrollment from the Lifeline Program.

#### **Additional Lifeline Program Information**

The Lifeline program is limited to one benefit per household, consisting of either wireline or wireless service. A household is defined, for purposes of the Lifeline program, as an individual or group of individuals who live together at the same address and share income and expenses. Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

**REDACTED - FOR PUBLIC INSPECTION**

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

<p align="center"><b>USDA-RUS</b></p> <p align="center"><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p><i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i></p> <p><b>BORROWER NAME</b></p> <p align="center">Alliance Communications Cooperative, Inc.</p> <p align="center">(Prepared with Audited Data)</p>	
<p><i>INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.</i></p>	<p><b>PERIOD ENDING</b></p> <p align="center">December, 2012</p>	<p><b>BORROWER DESIGNATION</b></p> <p align="center">SD0526</p>

**CERTIFICATION**

*We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.*

**ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII**  
(Check one of the following)

- ☒ All of the obligations under the RUS loan documents have been fulfilled in all material respects.
- ☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

Don Snyders

3/28/2013

DATE

**PART A. BALANCE SHEET**

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Recquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated Investments			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = % of Total Assets

<p>USDA-RUS</p> <p><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p>BORROWER DESIGNATION</p> <p>SD0526</p>
<p>INSTRUCTIONS- See RUS Bulletin 1744-2</p>	<p>PERIOD ENDING</p> <p>December, 2012</p>

**PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS**

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. Total Operating Expenses (8 thru 13)		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or Margins (21+27+28+29+30-26)		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)		
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11) / 7]		
46. Operating Accrual Ratio [(14+20+26) / 7]		
47. TIER [(31+26) / 26]		
48. DSCR [(31+26+10+11) / 44]		



<p>USDA-RUS</p> <p><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p> <p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p><b>BORROWER DESIGNATION</b></p> <p>SD0526</p> <p><b>PERIOD ENDED</b></p> <p>December, 2012</p>
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Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION							
EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1	R-1	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
	(a)	(b)	(a)	(b)	(c)	(a)	(b)
Garretson, SD							
Baltic, SD							
East Hudson, IA							
Crooks, SD							
Hudson, SD							
Brandon, SD							
Alcester, SD							
East Garretson, MN							
Lester, MN							
East Valley Springs, MN							
Steen, MN							
Hills, MN							
N Larchwood, SD							
Valley Springs, SD							
Alvord, IA							
Larchwood, IA							
Lester, IA							
Inwood, IA							
S Valley Springs, IA							
S Steen, IA							
S Hills, IA							
Oldham/Ramona, SD							
Howard, SD							
MobileWireless							
Route Mileage Outside Exchange Area							
Total							
No. Exchanges							

<p>USDA-RUS</p> <p><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p> <p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>BORROWER DESIGNATION SD0526</p> <p>PERIOD ENDED December, 2012</p>
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**Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

4. BROADBAND SERVICE								
Details on Least Expensive Broadband Service								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Garretson, SD								
Baltic, SD								
East Hudson, IA								
Crooks, SD								
Hudson, SD								
Brandon, SD								
Alcester, SD								
East Garretson, MN								
Lester, MN								
East Valley Springs, MN								
Steen, MN								
Hills, MN								
N Larchwood, SD								
Valley Springs, SD								
Alvord, IA								
Larchwood, IA								
Lester, IA								
Inwood, IA								
S Valley Springs, IA								
S Steen, IA								
S Hills, IA								
Oldham/Ramona, SD								
Howard, SD								
Total								

USDA-RUS

# OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

SD0526

PERIOD ENDING

December, 2012

INSTRUCTIONS- See RUS Bulletin 1744-2

## PART D. SYSTEM DATA

1. No. Plant Employees

2. No. Other Employees

3. Square Miles Served

4. Access Lines per Square Mile

5. Subscribers per Route Mile

## PART E. TOLL DATA

1. Study Area ID Code(s)

a. 351405

b. 361405

c. 391405

d. 391642

e. 391657

f.

g.

h.

i.

j.

2. Types of Toll Settlements (Check one)

Interstate:

☐ Average Schedule☒ Cost Basis

Intrastate:

☐ Average Schedule☒ Cost Basis

## PART F. FUNDS INVESTED IN PLANT DURING YEAR

1. RUS, RTB, &amp; FFB Loan Funds Expended

2. Other Long-Term Loan Funds Expended

3. Funds Expended Under RUS Interim Approval

4. Other Short-Term Loan Funds Expended

5. General Funds Expended (Other than Interim)

6. Salvaged Materials

7. Contribution in Aid to Construction

8. Gross Additions to Telecom. Plant (1 thru 7)

## PART G. INVESTMENTS IN AFFILIATED COMPANIES

INVESTMENTS	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
(a)	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

<b>USDA-RUS</b>  <b>OPERATING REPORT FOR</b> <b>TELECOMMUNICATIONS BORROWERS</b>	<b>BORROWER DESIGNATION</b> SD0526
	<b>PERIOD ENDING</b> December, 2012
	(Empty space for additional information)

**PART H. CURRENT DEPRECIATION RATES**

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

☒ YES ☐ NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>		BORROWER DESIGNATION SD0526
INSTRUCTIONS – See help in the online application.		PERIOD ENDED December, 2012
<b>PART I – STATEMENT OF CASH FLOWS</b>		
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
2. Net Income		
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3. Add: Depreciation		
4. Add: Amortization		
5. Other (Explain)		
<i>Changes in Operating Assets and Liabilities</i>		
6. Decrease/(Increase) in Accounts Receivable		
7. Decrease/(Increase) in Materials and Inventory		
8. Decrease/(Increase) in Prepayments and Deferred Charges		
9. Decrease/(Increase) in Other Current Assets		
10. Increase/(Decrease) in Accounts Payable		
11. Increase/(Decrease) in Advance Billings & Payments		
12. Increase/(Decrease) in Other Current Liabilities		
13. Net Cash Provided/(Used) by Operations		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
14. Decrease/(Increase) in Notes Receivable		
15. Increase/(Decrease) in Notes Payable		
16. Increase/(Decrease) in Customer Deposits		
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		
20. Less: Payment of Dividends		
21. Less: Patronage Capital Credits Retired		
22. Other (Explain)		
23. Net Cash Provided/(Used) by Financing Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
24. Net Capital Expenditures (Property, Plant & Equipment)		
25. Other Long-Term Investments		
26. Other Noncurrent Assets & Jurisdictional Differences		
27. Other (Explain)		
28. Net Cash Provided/(Used) by Investing Activities		
29. Net Increase/(Decrease) in Cash		
30. Ending Cash		

<p>USDA-RUS</p> <p><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p>BORROWER DESIGNATION</p> <p>SD0526</p>
<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p>December, 2012</p>
<p><b>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	
<p>On 1/1/2012, Alliance Communications Cooperative, Inc. (SD526) merged with its subsidiary companies, Hills Telephone Company, Inc. (MN583) and Splitrock Properties, Inc. (not an RUS borrower). Due to this merger, a request was sent to RUS to consolidate the borrower status and records of the two loan designees. This process has since been completed. The financial statement presented for 2012 is that of the merged company with all exchanges for the two subsidiaries included in this report.</p> <p>No report will be filed for 2012 for discontinued RUS (MN583) borrower Hills Telephone Company, Inc. due to the merger, as the company ceased to exist on 12/31/2011.</p>	

REDACTED - FOR PUBLIC INSPECTION

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION  SD0526
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012
<b>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	